

Message Text

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ACTION AF-18

INFO OCT-01 ISO-00 DRC-01 XMB-07 EB-11 L-03 SS-20 SPC-03

TRSE-00 AID-20 CIAE-00 INR-10 NSAE-00 RSC-01 NSC-07

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P 131620Z MAR 74

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC PRIORITY 6960

LIMITED OFFICIAL USE KINSHASA 2276

FOR AF/C COHEN

E.O. 11652: N/A

TAGS: ETRN, CG, US

SUBJECT: BRIDGE FINANCING FOR BOEING 737 AIRCRAFT AND EXIM
AIRCRAFT PACKAGE FINANCING

1. LOCAL FNCB REP INFORMS ME SECOND B-737 UNDER AIR
ZAIRE'S MODERNIZATION PROGRAM WILL BE READY FOR DELIVERY
MARCH 22. WHILE NO APPLICATION FROM GOVT. OF ZAIRE YET
RECEIVED, HE ANTICIPATES LAST-MINUTE URGENT REQUEST FOR
BRIDGE FINANCING TO COVER ESTIMATED COST OF ABOUT
SEVEN MILLION DOLLARS. HE SAYS FNCB NEW YORK INDICATES
UNWILLINGNESS MAKE THIS LOAN.
 2. DEPT AND EXIMBANK AWARE OF DIFFICULTIES WE HAVE HAD
WITH MODERNIZATION PACKAGE STARTING IN FEBRUARY 1973 WHICH
INCLUDES 2 DC-10S AND A TOTAL OF 3 B-737S. EXIMBANK
AND FNCB WERE TO DEVELOP BY END OF MARCH FINANCING FOR THE
ESTIMATED 80-MILLION DOLLAR COST. I AM ASTONISHED THIS
NOT ALL WRAPPED UP LONG SINCE. FNCB HAS ALREADY ARRANGED
BRIDGE FINANCING FOR ONE DC-10 AND ONE B-737 AND PROGRESS
PAYMENTS ON ADDITIONAL TWO B-737S AND SPARES TO BE DELIVERED.
TO PULL BACK NOW WHEN BADLY-NEEDED SECOND B-737 ABOUT TO
BE DELIVERED WOULD CERTAINLY PROVOKE ADVERSE CONSEQUENCES.
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3. WHEN LOW OF EXIMBANK WAS IN KINSHASA IN FEBRUARY FINANCING OF TOTAL PACKAGE WAS DISCUSSED WITH FNCB REPS, GOZ OFFICIALS AND EMBASSY. LOW INDICATED PRINCIPAL PROBLEM WAS CHATTLE MORTGAGE FOR AIRCRAFT SINCE ZAICB PRESENTLY HAS NO CHATTEL MORTGAGE LAW FOR MOVABLE PROPERTY. I AM TOLD LOW AND FNCB REPS DISCUSSED PROBLEM WITH LEGAL ADVISOR AT PRESIDENCY AND LOW INDICATED THAT EXIMABANK WOULD PROCEED ON OVERALL PACKAGE IF GOZ WOULD COMMIT ITSELF TO ADOPT MORTGAGE LAW AND ASSIGN AIRCRAFT WITHIN SIX MONTHS OF LOAN SIGNATURE.

4. I HAVE DISCUSSED THIS PROBLEM WITH BISENGIMANA WHO IS WORKING ON IT. LOW WAS ALSO CONCERNED OVER PARLOUS STATE OF AIR ZIARE'S FINANCES, AS IS EMBASSY. I AM BRINGING THIS PROBLEM TO MOBUTU'S ATTENTION. HOWEVER, LOW DID NOT CONSIDER RESOLUTION THIS MATTER AN ACCEPTABLE PRECONDITION BECAUSE GOZ, NOT AIR ZAIRE, IS PURCHASING PLANES AND WILL PAY FOR THEM, AS HAS BEEN ABUNDANTLY CLEAR BY PRESIDENT SINCE FEB 1973 AS ALL CONCERNED WILL VIVIDLY RECALL.

5. REQUEST DEPT PASS MESSAGE TO WALTER B. WRISTON, CHAIRMAN, FNCB URGING BANK TO ARRANGE BRIDGE FINANCING IF, AS ANTICIPATED, APPLICATION RECEIVED FROM GOZ. TO REFUSE WOULD, IN MY JUDGEMENT, BADLY DAMAGE NOT ONLY FNCB-ZAIRIAN RELATIONS BUT ALSO US-ZAIRE RELATIONS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AIRCRAFT, PROCUREMENT, FINANCE, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 MAR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974KINSHA02276
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740347/aaaabsfs.tel
Line Count: 86
Locator: TEXT ON-LINE
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: MorefiRH
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 04 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 SEP 2002 by shawdg>; APPROVED <05-Sep-2002 by MorefiRH>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: BRIDGE FINANCING FOR BOEING 737 AIRCRAFT AND EXIM AIRCRAFT PACKAGE FINANCING
TAGS: ETRN, EFIN, CG, US, XMB
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005